

RESOLUTION NO. 75664

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING THE DIRECTOR OF AVIATION TO NEGOTIATE AND EXECUTE A FIRST AMENDMENT TO THE LEASE OF PREMISES WITH SOUTHWEST AIRLINES AT 1239 AIRPORT BOULEVARD

WHEREAS, on September 18, 2007, the San Jose City Council ("Council") authorized the City Manager to negotiate and execute a Ground Lease with Southwest Airlines Co. ("Southwest") for the development of a provisioning facility at the Airport; and

WHEREAS, on May 19, 2009, Council approved the First Amendment to the Ground Lease, delaying the commencement of construction of the provisioning facility due to the poor economic climate; and

WHEREAS, on December 1, 2008, City entered into a month-to month Lease with Southwest for a warehouse at 1239 Airport Boulevard to accommodate its provisioning needs; and

WHEREAS, the Lease expires on December 31, 2010 and is terminable by either party on 30 days written notice; and

WHEREAS, the difficult economic environment is delaying construction of the new Southwest provisioning facility; and

WHEREAS, it is recommended that the Lease be extended for five years beginning January 1, 2011, subject to termination by the Director of Aviation ("Director") with 90 days written notice; and

WHEREAS, should economic conditions not improve enough for the construction of the provisioning facility within the 5 year extension, it is further recommended that the Director be authorized to extend the Lease for an additional 5 years subject to termination by the Director with 90 days written notice;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

1. The Director of Aviation is authorized to negotiate and execute a First Amendment to the Lease of Airport Premises at 1239 Airport Boulevard with Southwest Airlines Co. to extend the term for 5 years commencing January 1, 2011, subject to termination by the Director of Aviation with 90 day written notice, with annual revenue to the City of \$111,300; and
2. The Director of Aviation is authorized to negotiate and execute an Amendment to the Lease to extend the term of the Lease for up to an additional 5 years commencing January 1, 2016, subject to termination by the Director of Aviation with 90 days written notice.

ADOPTED this 14th day of DECEMBER, 2010, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CONSTANT, HERRERA,
KALRA, LICCARDO, NGUYEN, OLIVERIO, PYLE; REED.

NOES: NONE.

ABSENT: NONE.

DISQUALIFIED: NONE.



CHUCK REED
Mayor

ATTEST:



LEE PRICE, MMC
City Clerk